

MIDDLE EAST DEVELOPMENT SINGAPORE LTD.

(Company Registration No. 196600189D)

(Incorporated in Singapore)

LETTER OF INTENT RELATING TO CONDITIONAL SUBSCRIPTION AGREEMENT

The board of directors (the “**Board**”) of Middle East Development Singapore Ltd. (the “**Company**”) wishes to announce that it has on 22 June 2009 received a Letter of Intent (the “**LOI**”) from one of the substantial shareholders of the Company, Germir Group Limited (“**GGL**”) wherein GGL expressed its desire to subscribe (or procure GGL’s nominees to subscribe) for 550 million new shares in the Company (collectively “**Shares**”) at S\$0.05 per Share, and for 300 million transferable options (“**Options**”), at S\$0.0001 per Option, exercisable into 300 million Shares at S\$0.05 per Share (the “**Proposed Issue**”).

Under the LOI, the subscription of the Shares and Options is proposed to be in the following tranches:

- (a) upon receipt of the relevant approvals (further described below), GGL shall subscribe for 150 million new Shares at S\$0.05 per Share, payable in cash;
- (b) within six (6) months from the issuance of the Shares mentioned in paragraph (a) above, GGL shall subscribe for 400 million new Shares at S\$0.05 per Share, payable in cash;
- (c) concurrent with the issuance of the 400 million new Shares as set out in paragraph (b) above, the Company shall issue to GGL 300 million transferable Options at S\$0.0001 per Option. Each Option shall give the Option holder the right to subscribe for one new Share at S\$0.05 per Share, in cash, at anytime from the date of issuance until 36 months from the date of issuance; and
- (d) in addition, GGL intends to appoint a placement agent to place out, out of GGL’s 300 million Options, 120 million Options at S\$0.0001 per Option to placees including business associates.

Assuming that the Company proceeds with the Proposed Issue on the terms proposed in the LOI and issues 550 million new Shares as described in paragraphs (a) and (b) above, the number of shares held by GGL would increase to 620 million, which is approximately 60.34% of the enlarged share capital of the Company. Further, assuming that 300 million Options are granted as described in paragraph (c), of which 120 million Options are placed out as described in paragraph (d) above, and that all of the 300 million Options are exercised, the number of shares held by GGL would increase to 800 million, which is approximately 60.26% of the enlarged share capital of the Company.

The issue of the above securities is subject to the entry into a subscription agreement to be negotiated and agreed upon by the Company and GGL and would be conditional upon on the Company having obtained various approvals including the following:

- (1) approval of independent shareholders for the issuance of the Shares and the Options to GGL (GGL is a substantial shareholder of the Company and shall abstain from voting);
- (2) approvals (as required) of the Company's Catalist sponsor, the Singapore Exchange Securities Trading Limited and any other relevant authorities for the listing of the new Shares; and
- (3) a whitewash waiver being obtained from the Securities Industry Council exempting GGL from making a general offer following the issuance of the Shares.

The Board has considered the LOI from GGL and has agreed to explore the Proposed Issue as the Proposed Issue, if completed in accordance with the terms of the LOI, would enable the Company to raise gross proceeds of about S\$27.53 million before the exercise of the Options (plus additional S\$15.00 million if all of the Options are exercised). This would strengthen the Company's financial position, increase its working capital, and further enhance the Company's ability to search for and invest in fresh business opportunities. As such the Board has given its in-principle approval for the management of the Company to discuss and negotiate definitive terms and agreement(s) for the proposed subscription of the Shares and Options with GGL.

The Company will keep shareholders informed of the progress of the matter in due course.

The Non-Executive Chairman of the Company, Ms Wang Yuzhu owns 100% interest in GGL. GGL is a substantial shareholder of the Company holding approximately 14.66% of the existing issued and paid-up share capital of the Company.

Save as aforesaid, none of the directors or controlling shareholders or substantial shareholders of the Company has any interest, directly or indirectly, in the above transaction.

Meanwhile, shareholders and investors intending to trade in the shares of the Company should do so with caution as the Proposed Issue is subject to the signing of definitive agreement(s) as well as approvals from shareholders and various regulatory bodies.

By Order of the Board

Ong Soon Teik

Executive Director and Chief Operating Officer

24 June 2009

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Ng Joo Khin:

Telephone: 6389 3000

Email: jookhin.ng@stamfordlaw.com.sg